



Trust Deed Investing

Is It Right for You?

8–12% annualized returns | Real Estate Collateral | Passive income | Min. \$10,000

BACKED BY REAL ESTATE. BUILT ON TRUST.

WHAT IS TRUST DEED INVESTING? + HOW THE MONEY FLOWS

What Is It?

The Analogy

You ARE the bank. You lend private capital secured by California real estate at 60–65% loan-to-value ratio. The property is your collateral.

Why Trust Deed Investing?

- ▶ **Higher Returns:** 8–12% annualized interest, paid monthly — above bonds and CDs.
- ▶ **Secured by Real Estate:** Every investment is collateralized by recorded California real property.
- ▶ **No Management Burden:** Fully passive — no tenants, maintenance, or property decisions.
- ▶ **Short-Term Flexibility:** Loan terms of 12–60 months; you choose based on your return expectations, risk and liquidity needs.
- ▶ **Tax-Advantaged Options:** Fund via IRA, SDIRA, or Roth IRA — earn tax-deferred or tax-free.

KEY INSIGHT: You hold a recorded lien — publicly verifiable, legally enforceable.

How the Money Flows

YOU (Investor)

Fund \$10K–\$2M into escrow trust account

DLS (Broker)

Underwrites loan, records deed, places funds

PROPERTY

Secures your lien at 60–65% LTV

BORROWER

Pays 8–12% interest monthly to DLS servicer

YOU COLLECT

Monthly ACH deposit to your account

KEY INSIGHT: Your funds don't ever have to sit idle. DLS contacts you at payoff to redeploy immediately.

RISK PROFILE + RETURN EXPECTATIONS

The Risk Profile

Property Value Drop **[Mitigated by LTV]**

Max 60–65% LTV leaves 35–40% equity cushion before your principal is at risk.

Title Defects **[Rare]**

ALTA title insurance policy required on every deal. Chain of title verified pre-close.

Property Damage **[Covered]**

Fire/liability insurance required. If lapsed, DLS force-places coverage at escrow.

Liquidity **[Real]**

Terms: 12–60 months. Not liquid like a stock. Plan capital allocation accordingly.

Borrower Default **[Low–Moderate]**

Foreclose in ~120 days (CA non-judicial). Property sold at trustee sale to recover principal.

KEY INSIGHT: Equity is your #1 protection. DLS won't lend on a property they wouldn't want to own. Our priority is a borrower's ability to pay and high yield returns for our investors.

Return Expectations

8–12% Annualized yield (gross)

12–60 Month loan terms (short-to-mid)

\$10K Minimum to invest (fractional OK)

- ▶ Monthly interest payments via ACH — predictable cash flow
- ▶ Fractionalize large loans to diversify across multiple properties

KEY INSIGHT: 8–12% passive, collateralized, monthly — vs. 10-yr Treasury at ~4.5% with no hard asset backing.

PORTFOLIO FIT · DEAL EVALUATION

Portfolio Fit

- ✓ **Low Correlation:** Trust deeds move independently of stocks and bonds — a genuine volatility buffer.
- ✓ **Replaces Bond Allocation:** Swap low-yield bonds for 8–12% collateralized notes without adding equity risk.
- ✓ **Tangible Collateral:** Your lien is backed by physical property — not a promise, not a pooled fund.
- ✓ **Fully Passive Income:** No tenant calls, no maintenance. DLS services the loan; you collect monthly.
- ✓ **Account Flexibility:** Invest through cash, personal trust, LLC, 401(k), Solo 401(k), or SDIRA.
- ✓ **Investor-Controlled:** You approve every loan. DLS brings the deal; the decision is always yours.

Deal Evaluation Criteria

- **LTV Limit:** ≤65% residential (SFR, condo, 1–4 units) / ≤60% commercial. Based on independent appraisal.
- **Property Type:** N. California only. SFR, condo, commercial accepted. No raw land, no mobile/manufactured homes.
- **Lien Position:** 1st and 2nd deeds of trust only. Confirm lien priority; understand subordination risk on 2nds.
- **Borrower Profile:** DLS reviews income stability, payment history, and total assets — not just FICO score.
- **Title Insurance:** ALTA policy required on every loan. Chain of title verified and insured pre-close.
- **Insurance Requirements:** Active fire/liability coverage mandatory. DLS force-places if lapsed, funded at escrow.

HOW TO START: \$10K minimum · Fund via cash, IRA, SDIRA, LLC, Trust · DLS finds the deal · You approve the loan · Monthly ACH begins at close

RECENT INVESTMENTS



Property Type	Single Family Residence
Location	San Jose, CA
Loan Type	2 nd Deed of Trust
Loan Amount	\$100,000
Interest Rate	11%
Term	24 Months
Equity Protection	\$1,044,000
Loan-to-Value	22.21
Monthly Dividend	\$916.67

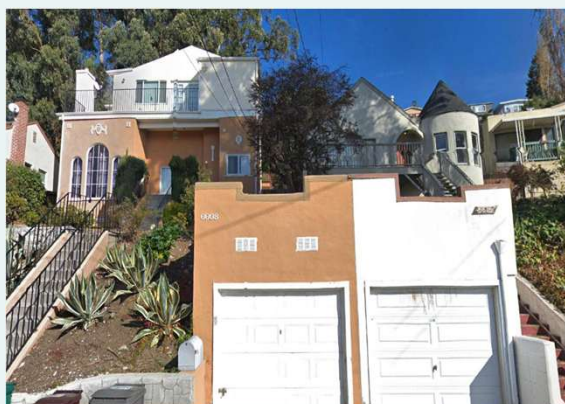
Property Type	Commercial
Location	Davis, CA
Loan Type	2 nd Deed of Trust
Loan Amount	\$500,000
Interest Rate	11.25%
Term	36 Months
Equity Protection	\$2,338,896
Loan-to-Value	43.64%
Monthly Dividend	\$4,687.50

Property Type	Single Family Residence
Location	Auburn, CA
Loan Type	1st Deed of Trust
Loan Amount	280,000
Interest Rate	10.75%
Term	12 Months
Equity Protection	\$490,000
Loan-to-Value	36.36
Monthly Dividend	\$2,508.33

RECENT INVESTMENTS



Property Type	Single Family Residence
Location	Parlier, CA
Loan Type	1st Deed of Trust
Loan Amount	\$150,000
Interest Rate	12%
Term	24 Months
Equity Protection	\$120,000
Loan-to-Value	55.56
Monthly Dividend	\$1,500.00



Property Type	Single Family Residence
Location	Oakland, CA
Loan Type	1st Deed of Trust
Loan Amount	\$635,000
Interest Rate	10.00%
Term	12 Months
Equity Protection	\$325,000
Loan-to-Value	66.15%
Monthly Dividend	\$5,291.14



Property Type	Single Family Residence
Location	Daly City, CA
Loan Type	1st Deed of Trust
Loan Amount	\$500,000
Interest Rate	9.38%
Term	36 Months
Equity Protection	\$555,000
Loan-to-Value	47.39
Monthly Dividend	\$3,906.25

FREQUENTLY ASKED QUESTIONS — PAGE 1 OF 2: PROCESS & HOW IT WORKS

Q What is a private money / trust deed investment?

You lend capital to a real estate borrower through a private loan secured by a recorded Deed of Trust on California property. You are the lender (beneficiary), DLS is the broker, and a neutral trustee holds title until the loan is repaid — you ARE the private bank.

Q Who are the typical borrowers?

Self-employed professionals, contractors, LLCs, corporations, and real estate investors who don't qualify under restrictive bank guidelines — not because they're high-risk, but because banks won't lend on non-standard situations. Many are repeat DLS clients.

Q How does DLS underwrite each loan?

Two key factors: (1) Collateral — property value via independent appraisal, comparable sales, location, and condition; and (2) Borrower attributes — income, payment history, total assets, and employment stability. LTV is set only after both are fully assessed.

Q What documents do I receive as an investor?

You receive: the original Promissory Note and endorsement, a recorded Deed of Trust listing you as beneficiary, an ALTA Title Insurance Policy, and a Liability Insurance Endorsement covering the property against certain perils.

Q How are my funds held and disbursed?

DLS is not a financial institution and does not hold investor funds. Proceeds go directly into a property-specific trust account once you select a loan and complete documentation. Funds are never co-mingled with other accounts.

Q How does loan servicing work?

DLS services every loan it brokers: collecting monthly borrower payments, remitting via ACH, handling late notices, issuing year-end tax forms (1098s/1099s), processing payoffs, and managing defaults including foreclosure if necessary.

FREQUENTLY ASKED QUESTIONS — PAGE 2 OF 2: INVESTING 101

Q

Is there a minimum investment amount?

\$10,000 minimum for new investors. Loans can be fractionalized — multiple investors split a single loan. This may be your first step: lower exposure, same yield, same legal protections as a full investor.

Q

What account types can I use to invest?

Personal savings, corporation, LLC, revocable or irrevocable trust, 401(k), Solo 401(k), traditional IRA, or Roth IRA (via SDIRA). Tax-advantaged accounts let interest compound tax-deferred or completely tax-free.

Q

How am I protected if the borrower defaults?

Three layers: (1) Equity cushion — 35–40% below your lien; (2) ALTA title insurance — insures against chain-of-title defects; (3) CA non-judicial foreclosure — ~120 days from Notice of Default to trustee sale, no courts required.

Q

What property types does DLS lend on?

Northern California SFR, condos, townhomes, duplexes, 1–4 unit residential, and commercial property. DLS does not currently lend on raw land, mobile homes, or manufactured housing.

Q

How does DLS determine the loan-to-value (LTV)?

LTV is set after an independent licensed appraisal, comparable sales review, and current listings analysis. Lending targets: 65% LTV for Greater Bay Area/Central Valley/Sacramento residential; 60% elsewhere in N. Calif.; 55–60% for commercial. May vary based on investor preference.

Q

Why invest through DLS vs. managing trust deeds directly?

DLS handles deal sourcing, underwriting, documentation, title coordination, CA DRE + NMLS compliance, servicing, and default management. You select loans and collect payments — nothing else. Over 50 years and hundreds of millions funded.